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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 497

LEONARD L. EDWARDS,
Petitioner,

vs.

BINGHAM PUMP COMPANY, INC., a corporation,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

The Petitioner seeks to review a decision of the Circuit Court of Appeals for the Ninth Circuit in a patent infringement suit. The decision, reported in 118 F. (2d) 338 (Record p. 786) reverses a final decree of the District Court of Oregon which had sustained the validity of the patent, decreed infringement, and allowed damages.

SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED

This suit was brought by the petitioner in the United States District Court for the District of Oregon to enjoin the infringement of letters patent No. 1,927,395 granted to him September 19, 1933, covering an alleged improvement in gear pumps in providing for removable and replaceable liners between the gears and the pump housing. The plaintiff alleged infringement and damage, and sought an injunction against the former, and a money judgment for the latter. (R. pp. 1, 9, 10). The defendant answered denying that plaintiff was the original, first or sole inventor of the improvement claimed in the patent, denied the validity thereof, denied infringement, alleged that the patent was void for want of novelty, and alleged anticipation by others. (R. pp. 11, 12, 16, 17 and 18). The District Court referred the case to a master (R. p. 21) who heard evidence and entered a report September 4, 1935 (R. p. 23) finding Claims 7 and 8, which were those relied on, to be valid, unanticipated and infringed by the respondent, and recommended a decree enjoining the defendant from using the patented device and for an accounting on damages. Respondent filed exceptions to the master's report, and specifically excepted to all conclusions of law upon the ground that the evidence was insufficient to support findings upon which to base the conclusions (R. pp. 49, 50). Respondent's exceptions were overruled (R. p.

55) and an interlocutory decree entered, holding Claims 7 and 8 valid and infringed, and enjoining defendant from further infringement, and referring the case to a special master for an accounting. (R. pp. 62, 64). Respondent filed a petition for rehearing of the interlocutory decree and order overruling exceptions to the master's report (R. p. 65), and a supplementary petition for rehearing to give defendant an opportunity to take depositions covering prior knowledge and use (R. p. 80). The motion for rehearing and supplementary petition and motion to remand to the master for further evidence were denied by the District Court March 23, 1936 (R. p. 84). Respondent then filed a petition to reopen and reconsider and tendered an amended answer setting up the invalidity of the patent by reason of anticipation, and that Edwards was not a pioneer in the art (R. p. 85). The tendered amended answer again denied the validity of the patent or that plaintiff was the original, first or sole inventor, alleged anticipation by reference to prior issued patents and specific manufacture and use by four separate pump companies, denied infringement and alleged the existence of numerous alternative, non-infringing pump liners (R. pp. 91-109). The District Court referred the petition to reopen and reconsider on the issues raised by the amended answer to the same special master (R. p. 118). The special master made report in which he stated he had considered the various anticipations alleged in the amended answer, and found that they did not anticipate plain-

tiff's patent, and therefore recommended that the proposed amended answer be not allowed or filed, and assessed damages (R. pp. 153, 197).

The respondent filed exceptions to the master's report calling attention to the fact that plaintiff was aware of all the alternative liners in evidence before the master prior to the trial on the question of infringement; that he was not a pioneer inventor; that defendant should have been permitted to file its amended answer; excepted to the master's finding that the alleged anticipating devices did not anticipate (R. p. 199). District Judge John H. McNary, having died in the meantime, the case was reargued before Judge James A. Fee, who heard arguments on the question of patentability, re-examined the question, stated that the court had passed upon the matter many times as shown by the record (R. p. 220), and accepted the determination by the master and by Judge McNary, and held that no proper basis had been shown to the court to set aside those findings (R. p. 223). The District Court entered a final decree on October 9, 1939 (R. p. 242) in which he found Claims 7 and 8 valid, infringed by respondent, decreed a permanent injunction, and granted judgment against respondent for $8500.00.

While the exceptions taken to the master's report are not artificially perfect, it is clear from the record that at all times during the proceedings in the District Court the respondent insisted upon the invalidity of plaintiff's patent and brought the matter

to the master's and to the court's attention time after time.

The respondent did not appeal from the interlocutory order, but appealed from the final decree.

The Circuit Court of Appeals reversed the District Court upon patents cited as anticipation in the answer (R. pp. 17 and 18) and found in the patent office file wrapper (R. pp. 642-752).

PETITIONER SPECIFIES FOUR ERRORS IN THE DECISION OF THE CIRCUIT COURT OF APPEALS

1. That the court erred in considering validity and infringement on appeal from a final decree because those questions were waived by respondent's failure to appeal from the interlocutory decree;

2. That the Circuit Court of Appeals had no jurisdiction to consider validity and infringement because respondent did not appeal from the interlocutory decree;

3. That the Circuit Court of Appeals erred in holding it was not precluded from considering validity and infringement because of respondent's alleged failure to except to the master's finding as to validity;

4. That the Circuit Court of Appeals erred in reversing and not affirming the District Court as to validity and infringement.

THE QUESTIONS OF LAW INVOLVED

1. Are Secs. 227 and 227a, Title 28 U.S.C.A., mandatory or permissive?

2. Has a litigant the right in patent cases to await until final decree before appealing to the Circuit Court of Appeals on the questions of validity and infringement?

3. Does failure to appeal from an interlocutory decree of validity and infringement close the door to inquiry in respect to these questions where an appeal is taken from a final decree which independently found both validity and infringement?

4. Is an appellate court barred from considering plain and serious error apparent on the record, even though no or an imperfect exceptions was taken to a master's report?

5. Has an appellate court the inherent power, at its option, to correct plain and serious error, even though not assigned or excepted to?

ARGUMENT

No interlocutory decree is final where it is necessary to refer the case to a master as a subordinate court and for a judicial purpose as to state an account between the parties upon which a further and final decree has been entered.

McGourkey v. T. & O. C. Ry., 146 U. S. 536, 545.

Such has been the universal ruling with regard to patent cases.

Ex parte Enameling Co., 201 U. S. 156, 160,
Barnard v. Gibson, 7 How. 650,
Smith v. Vulcan Iron Works, 165 U.S. 518, 524.

Until the passage of Sec. 227 (Title 28 U.S.C.A.) appellate courts had no jurisdiction over interlocutory decrees, and the aggrieved litigant was compelled to await a final decree.

Smith v. Vulcan Iron Works, 165 U. S. 518, 524.

Until the passage of Sec. 227a (Title 28 U.S.C.A.) there could be no appeal from an interlocutory decree where the patent had expired prior to the entry of the interlocutory decree. This because Sec. 227 permitted such an appeal only from an order granting, refusing or dissolving an injunction, and no injunction could issue when a patent had expired.

Senate Report 1319 (69th Congress, Second Session, January 25, 1927),

House Report 1890 (69th Congress, Second Session, Reporting Corresponding House Bill 11840).

Every court which has considered Secs. 227 and 227a (Title 28 U.S.C.A.) has held the right to take an appeal from an interlocutory decree to be permissive and optional and not mandatory. There is no

conflict in the decisions among the circuits, or otherwise, in this regard.

Marden v. Campbell Printing-Press & Mfg. Co., 67 F. 809, 811 (First C.C.A.)

The court there say:

> "It is, however, entirely plain that the appeal given by the seventh section of the act referred to is a privilege or option, and in no way affects or diminishes the right to appeal from the final decree; and as the defendants below, on receiving from this court an oral intimation of the views above expressed, elect to dismiss their appeal, without prejudice to their right to take any other appeal which the law may give them, and without prejudice to the questions which may thus be raised, we permit them so to do."

In

Jones Brothers Co. v. Underkoffler, 24 F. Supp. 393,

the court uses the following language:

> "Section 129, supra, does not divest this court of jurisdiction to reconsider questions passed upon by an interlocutory decree before entering a final order. Section 129 grants the privilege or option to take an appeal from an interlocutory decree granting an injunction. Failure to exercise this option by taking a preliminary appeal, however, in no way affects the right to have the court reconsider the interlocutory order before entering a final decree, or the right to appeal from the final decree. Marden v. Campbell Printing Press, etc., 1 Cir., 67 F. 809; Ex Parte National Enameling & Stamping Co., 201 U. S. 156, 26 S. Ct. 404, 50 L. Ed. 707."

Again, in

A. & R. Realty Co. v. Northwestern Mut. Life Ins. Co., 95 F. (2d) 703, 707 (Eighth C. C. A.),

the matter is again and fully discussed:

> "In Bissell Carpet-Sweeper Co. v. Goshen Sweeper Co., 6 Cir., 72 F. 545, 555, it was held in an opinion by Judge (later Mr. Justice) Lurton that if, upon an appeal from an interlocutory order, the appellate court is required to pass upon the merits of the case, a second appeal from the final decree, which challenges the same interlocutory order can involve only matters affecting such order which have transpired subsequent to the entry thereof, or, in other words, that the appellate court cannot be required to review the same order twice upon the same grounds. *The converse of this ruling would be that where no appeal had been taken from the interlocutory order or where, if taken, the appellate court was not required to and did not pass upon the merits of the controversy in deciding the appeal, a subsequent appeal from the final decree could properly challenge the validity of the interlocutory order and invoke a decision upon the merits.*" (Italics ours.)

Again, in

Victor Talking Mach. Co. v. George, 105 F. (2d) 697, 699 (Third C. C. A.),

the same rule is laid down. This case is peculiarly in point because the alleged infringer of a copyright attempted to appeal from an interlocutory decree which established validity and infringement. The Circuit Court of Appeals retained jurisdiction, holding that the decree was final. On certiorari being

allowed, the Supreme Court reversed the Circuit Court of Appeals because the appeal had not been taken within the thirty days prescribed by statute. The District Court in a final decree thereupon awarded damages to plaintiff, and defendant appealed from the final decree. The court say:

> "The language of the statute is not ambiguous. A party, feeling himself aggrieved by an interlocutory decree of the kind mentioned, is given the right to appeal without awaiting a final decree, upon condition that he take his appeal within thirty days. The statute, however, does not require an aggrieved party to take such an appeal in order to protect his rights, and, where it is not taken, does not impair or abridge in any way the previously existing right upon appeal from the final decree to challenge the validity of the prior interlocutory decree. The aggrieved party may, therefore, await the final determination of the case and upon appeal therefrom raise all questions involved in the case. A. & R. Realty Co. v. Northwestern Mut. Life Ins. Co., 8 Cir., 95 F. 2d 703. All interlocutory orders and decrees from which no appeal has been taken are merged in the final decree. Hamilton-Brown Shoe Co. v. Wolf Brothers & Co., 240 U. S. 251, 36, S. Ct. 269, 60 L. Ed. 629; Individual Drinking Cup Co. v. Errett, 2 Cir., 297 F. 733; Western Union Telegraph Co. v. United States & Mexican Trust Co. et al., 8 Cir., 221 F. 545; Nashville Syrup Co. v. Coca Cola Co., 6 Cir., 215 F. 527, Ann. Cas. 1915B, 358. We conclude that upon this appeal from the final decree we have jurisdiction to review the question of the defendant's liability as well as the questions raised by the accounting."

Petition for certiorari from the Circuit Court decision holding the copyright invalid was denied in 308 U. S. 611. A motion for rehearing was denied in 308 U. S. 638, and a motion for leave to file a second petition for rehearing was denied in 309 U. S. 693. It is obvious that if the Circuit Court of Appeals had no right to determine the merits of the case on appeal from the final decree, certiorari would have been allowed.

To the same effect is,

Chapman v. Yellow Poplar Lumber Co., 143 F. 201, 205 (Fourth C. C. A.).

In,

Bissell Carpet-Sweeper Co. v. Goshen Sweeper Co., 72 F. 545, 560 (Sixth C. C. A.),

the court say:

> "The conclusion we have reached is in the line of the relief intended by Congress to be afforded suitors whose rights are affected by temporary submission to an inconclusive decree. The right to appeal at that stage of the cause is optional. If one affected by the action of the court in allowing, dissolving or continuing an injunction see fit, he may await a final decree, and then appeal."

To the same effect is

Baker v. Waller Baker & Co. Ltd., 83 F. 3, 5,

where the court say:

> "If the defendant is dissatisfied, he can carry the case to the Circuit Court of Appeals, provided

> he makes his appeal within thirty days from the entery of the order. If he suffers this period to elapse, his only remedy is by an appeal after final decree. See Chicago Dollar Directory Co. v. Chicago Directory Co., 65 F. 463; Boston & A. R. Co. v. Pullman's Palace-Car Co., 51 F. 305."

This rule is so firmly established without conflict or variation that the rule is laid down in 8 Hughes Federal Practice, Sec. 5833, p. 302, as follows:

> "An appeal taken from an interlocutory order or decree is a privilege or option and in no way affects or diminishes the right to appeal from the final decree; but if the merits of the case have been determined by the appellate court, in reversing an interlocutory decree, they are not open to reconsideration at a later stage of the same case either in that court or in the court below."

Petitioner insists that the purpose of Secs. 227 and 227a is to compel appeals from interlocutory orders that both parties may be relieved from the expense of further litigation. He overlooks, however, that each of these sections specifically provides that proceedings in other respects in the District Court shall not be stayed unless otherwise ordered by the court, or appellate court, or a judge thereof. Petitioner's position baldly stated is this: That, notwithstanding an appeal from an interlocutory order, the successful party in the lower court has the right to proceed with an accounting, all to appellant's loss and expense, but if appellant does not avail himself

of an appeal from an interlocutory order, but appeals from a final decree, his opponent can insist that he has lost his right to question validity and infringement because the opponent has been put to the expense of an accounting.

If Congress had intended to make mandatory, instead of optional, an appeal from an interlocutory decree, it would have provided that upon such an appeal further proceedings in the District Court would be stayed until the appeal was decided. It would not have left the matter so unfair and one-sided as petitioner's construction of the statute compels.

CASES RELIED ON BY PETITIONER AS DEMONSTRATING CONFLICTS BETWEEN THE CIRCUITS ARE INAPPLICABLE

Petitioner relies on,

Ensten v. Simon, Ascher & Co., 282 U. S. 445, 457, 458;

Ensten v. Rich-Sampliner Co., 13 F. (2d) 132;

Austin-Western Machinery Co. v. Disc Grader Co., 291 F. 301, 303;

O'Nate v. Bahr, 67 F. (2d) 180, 181 (Ninth C. C. A.).

Ensten v. Simon, Ascher & Co., 282 U. S. 445, 457, 458,

has no application to the question decided by the Circuit Court of Appeals for the Ninth Circuit in this case, namely, that the question of the validity

of the patent may be raised by appeal from the final decree of the District Court as well as by an appeal from an interlocutory decree of that court.

The question before the Supreme Court in the *Ensten* case was whether or not the patentee had been guilty of unreasonable delay in filing his disclaimer. The District Court by its interlocutory decree held four patent claims valid and claim 2, the only one in question, invalid. The infringer, under the provisions of Section 129 Judicial Code appealed from that part of the decree holding four claims valid, but the patentee did not appeal from that portion holding claim 2 invalid. The patentee did not file his disclaimer for nearly two years after the adverse decision of the District Court. The court held that it was the duty to make *prompt* disavowal; that he was bound to,

> "disavow the right as soon as he discovers that it has been unjustly claimed. Unreasonable delay in disclaiming is thus tantamount to an original fraudulent claim, and through it the patentee loses the privilege of making the amendment by which alone his patent could be saved. * * * When a competent court has declared his pretentions without sufficient foundation, we think good faith and the spirit of the enactment demand that he act with such promptness as the circumstances permit, either to vindicate his position or to relieve the public from further evil effects of his false assertion. * * * Certainly, in this case where an appeal was taken by the defendants it would have entailed no unreasonable hardship upon the patent owner promptly to have submitted the

> legality of the rejected claim for determination by the appellate court. The route to that end was obvious, easy, inexpensive. He deliberately failed to defend his assertion of right by appealing. He has been guilty of unreasonable delay and has not brought himself within the beneficent provisions of the statute."

All that this court decided was that where a disclaimer statute required promptness of disavowal as soon as the patentee discovered he had inadvertently claimed a patent monopoly to which he was not entitled and when a lower court held that one of his claims was invalid, he must either disclaim or take the first avenue of appeal available to him to contest that court's ruling.

This court did not hold or suggest that an appeal upholding a patent claim could only be taken from an interlocutory decree; that question was not before it.

Such likewise was the holding in a companion case, that of,—

Ensten v. Rich-Sampliner Co., 13 F. (2d) 132.

Austin-Western Road Machinery Co. v. Disc, Grader & Plow Co., 291 F. 301, likewise has no relevancy to the questions here involved, nor does it constitute even by inference any conflict in decision among the Circuit Court of Appeals.

The appellate court had directed the entry of a decree in favor of the patentee grader company and

ordered the issuance of an injunction and an accounting. On appeal from the decree for reasonable royalties the infringer for the first time directed the attention of the Circuit Court of Appeals to the fact that there was no proof in the original case, or in the then record of any notice of infringement or statutory mocking of the device. This point was first raised in the infringer's reply brief, it had never been raised in the District Court nor before the Master and was not assigned as error on appeal. Properly the Circuit Court of Appeals held that by this "long continued silence" the infringer had waived the point and was concluded by the decree of the court of appeals on appeal from the interlocutory decree where it was adjudged that plaintiff recover from the defendant "any and all damages which plaintiff had sustained since the date of issuance of the patent and the date of the commencement of the suit." It is further noted that no appeal had been taken to the Supreme Court from that decree and the only appeal was from the judgment on the accounting.

Again there is nothing to suggest even the existence of the question here raised and decided by the Ninth Circuit adversely to the petitioner Edwards.

O'Nate v. Bahr, 67 F. (2d) 180, 181 (9th Cir.).

This case is cited by petitioner as being in conflict with the Ninth Circuit's own decision in the instant case. The case was discussed in the briefs of

both parties before the Circuit Court of Appeals. An examination of the original record in *O'Nate v. Bahr* disclosed that the question was not before the court. The assignments of error dealt with the propriety of allowing damages where the patentee had neither pleaded nor proved a statutory marking of the patented article or notice to defendant of the patent. For some inexplicable reason the appellant had included in his statement of evidence the testimony introduced at the time of the hearing as to validity and infringement. The court of appeals with justifiable impatience criticized this practice of loading a record with matter not relevant to the questions raised on the appeal, saying:

> "This evidence, we think, has no place in the record, in view of the fact that the interlocutory decree was not appealed from, and is conclusive upon the parties."

It then proceeded to say:

> "Inasmuch as no issue was raised upon the subject of a notice, the entry of the interlocutory decree of the court cannot amount to an implied finding upon that subject (lack of statutory marking and notice to defendant)."

The case is no authority on the question here raised because it was not before the court for decision. The law pertaining thereto was not discussed in any of the briefs of the parties and was not before the court for decision and was not in fact decided, the case going off on an entirely different issue.

Suffice it to say that when the Circuit Court of Appeals for the Ninth Circuit actually had before it the question of whether failure to appeal from an interlocutory decree of validity of a patent barred an examination of the question on appeal from a *final* decree, it promptly held that it did not, in that respect following the universal rulings of other Federal Courts.

ANSWER TO PETITIONER'S POINT IV WITH SUBDIVISIONS a, b and c.

(Petitioner's Brief, pp. 23 to 28)

Petitioner's Point IV, with its three subdivisions a, b and c is addressed to the question of whether or not the decision of the Circuit Court of Appeals construes Secs. 227 and 227a, Title 28 U.S.C.A., in a manner conflicting with fundamental and settled principles of appellate procedure.

He cites some thirty-one decisions, none of which construes either of these sections as petitioner claims they should be construed. It is to be regretted that his meticulous research failed to discover the cases heretofore cited in our brief, showing that the construction given to these sections by the Circuit Court of Appeals is in strict accord with all cases which have decided the precise matter.

The propositions laid down in the cases which petitioner cites are so far from those here involved that to discuss them would divert attention from our present question. In an appendix to this brief we

have analyzed the principal cases, concisely stating the questions involved and the decisions rendered.

It is enough to say in answer to the argument supporting Point IV that respondent sought but one day in the Circuit Court of Appeals, not two; that as to Point IV (b), respondent did not attempt to have examined in his second appeal issues which were or could have been decided in a first appeal. He took but one appeal in which he raised all the questions decided by the lower court's final decree, exercising the option given him by the statute and universally recognized by all courts.

In reply to Point IV (c), respondent has no quarrel with the cases cited. The point of petitioner's argument seems to be that if the trial court held certain claims valid and certain invalid, and the patentee appealed from that portion of the interlocutory decree holding invalidity, and the defendant did *not* appeal from the portion decreeing validity, but awaited final decree, this would result in piecemeal appeal. The argument is pointless. Under petitioner's theory of proper practice there would be one appeal on the question of validity and the second appeal on the question of damages. The supposititious case which he assumes would result in one appeal by the patentee from the interlocutory order decreeing invalidity of certain claims and a second appeal by the defendant after final decree raising the question of validity as to the remaining claims, as well as questions of accounting. Such has always been in accordance with the rules of

federal procedure and involves no departure. If Congress had intended to change the practice, it would have done so by language clearly understandable, and the various courts of appeal, which, as we have heretofore shown, have considered the matter, would have so concluded. Congress having failed to make a change in the practice, it remains as it always has been.

Oddly enough, respondent by appealing from the final decree has brought about a single appeal of all questions, instead of indulging in the piece-meal practice which petitioner condemns.

PETITIONER'S POINT B
(Petitioner's Brief, pp. 28-32)

THE EFFECT OF ALLEGED FAILURE TO EXCEPT TO THE MASTER'S REPORT AS TO VALIDITY OF PATENT

1. Respondent did not appeal from the master's report, but from a final decree.

2. The District Court in rendering its interlocutory and final decrees considered all the evidence offered before the master (R. pp. 57 and 237). In its final decree it considered and determined the question of validity (R. pp. 221, 222 and 223).

3. The District Court heard arguments before interlocutory decree and final decree upon, and decided adversely to the respondent, the question of

validity (R. pp. 220, 221 and 223). Therefore, it cannot be said that the question of validity was first raised in the Circuit Court of Appeals.

RESPONDENT'S PROPOSITION NO. I.

A final decree merges all preceding interlocutory orders, which, until final decree, remain under the control and subject to the revision of the court, and upon appeal from the final decree every interlocutory order affecting the rights of the parties regarding the matters and questions between them is subject to review in the appellate court and may be determined.

Perkins v. Fourniquet, 47 U. S. 206, 208;

Forgay v. Conrad, 6 How. 201, 206;

Celluloid Mfg. Co. v. Cellanite Mfg. Co., 40 F. 476, 477;

Pittsburgh C. & St. L. Ry. Co. v. B. & O. R. R. Co., 61 F. 705, 708;

Western Union Telegraph Co. v. U. S. & M. T. Co., 221 F. 545, 551;

Herman Body Co., et al. v. St. Louis Body & Equipment Co., et al., 46 F. (2d) 879 (Eighth C.C.A.)

We quote from *Perkins v. Fourniquet*, 6 How. 206, 208:

> "And the appellant is not injured by denying him an appeal in this stage of the proceedings, because these interlocutory orders and decrees remain under the control of the circuit court,

and subject to their revision, until the master's report comes in and is finally acted upon by the court, and the whole of the matters in controversy between the parties disposed of by a final decree. And, upon an appeal from that decree, every matter in dispute will be open to the parties in this court, and may all be heard and decided at the same time."

Western Union Telegraph Co. v. U. S. & M. T. Co., 221 F. 545, 551;

Perkins v. Fourniquet, 47 U. S. 206, 208;

Forgay v. Conrad, 6 How. 201, 206;

Celluloid Mfg. Co. v. Cellanite Mfg. Co., 40 F. 476, 477;

Pittsburgh C. & St. L. Ry. Co. v. B. & O. R. R. Co., 61 F. 705, 708;

N. K. Fairbanks Co. v. Windsor, 124 F. 200, 202.

RESPONDENT'S PROPOSITION NO. II.

The rule prescribing exceptions to the master's report is one of convenience and not jurisdictional. A master's report is advisory to the court appointing him, and that court and every appellate court has the inherent power to correct plain, serious or clearly erroneous errors contained in the master's report or in the decree of any subordinate or *nisi prius* tribunal.

Sheffield, etc. Ry. Co. v. Gordon, 151 U. S. 285, 291;

New York Central Ry. Co. v. Johnson, 279 U. S. 310, 318;

Brassfield v. U. S., 272 U. S. 448, 450;

Central Improvement Co. v. Cambria Steel Co., 210 F. 696, 699.

Stromberg Motor Devices Co. v. Zenith-Detroit Corp., 73 F. (2d) 62, 64, 65 (Second C.C.A.);

United States v. Atkinson, 297 U. S. 157, 160;

Rip Van Winkle Wall Bed Co. v. Holmes, 15 F. (2d) 950 (Ninth C.C.A.)

We deem it necessary only to quote from,

Central Improvement Co. v. Cambria Steel Co., 210 F. 696, 699.

"A consideration after argument of all the facts relating to this issue which the master found in his report convinced this court that the concusion lawfully deducible from them was that the Southern Company was liable to pay to the Trust Company the debt which the Belt Company owed it. Counsel for the Southern Company now insist that this court was without power to consider or correct this conclusion of the master which the court below followed, and that the Trust Company must suffer the loss of this amount because its counsel did not state in its exception that the conclusion was wrong on the merits of the issue. They invoke the conceded general rule that where no exception is taken to the master's report it will be deemed to be true, and where exceptions to parts of it are taken the parts to which no exception is taken will stand as correct and will not be open to review in an appellate court. Burns v. Rosenstein, 135 U. S. 449, 10 Sup. Ct. 817, 34 L. Ed. 193; Provident Life & Trust Co. v. Railway Co., 177 Fed. 854, 859, 101 C. C. A. 68. But this rule, like most rules of law or practice, is not without its

exceptions. In Sheffield, etc. Ry. Co. v. Gordon, 151 U. S. 285, 291, 14 Sup. Ct. 343, 344 (38 L. Ed. 164), the Supreme Court, while holding the exceptions in that case insufficient to present the questions argued, said:

> " 'It is true that, if the report of the master is clearly erroneous in any particular, it is within the discretion of the court to correct the error; but we see no occasion for exercising such discretion in this case.'
>
> "In 2 Daniell's Chancery Pleading & Practice, at page 1314, it is said that it is entirely discretionary with the court to grant an opportunity to except to a report after it has been absolutely confirmed."

The rules of this court provide that the court may at its option notice a plain error not assigned or specified.

> Rule 27, Subdivision 6.
>
> *Mahler v. Eby*, 264 U. S. 32, 45.

A like provision is found in the rules of the Circuit Court of Appeals for the Ninth Circuit. (Rule 11.)

The rule last cited provides:

> "Such assignment of errors shall form part of the transcript of the record and be printed with it. When this is not done, counsel will not be heard, except at the request of the court; and errors not assigned according to this rule will be disregarded, but the court at its option may notice a plain error not assigned."

Even though the error be not plain and not assigned, yet if it is serious the court will consider it.

Briscoe v. Rudolph, 221 U. S. 547, 550;

United States v. Tennessee & Coosa R. R. Co., 176 U. S. 242, 256;

United States v. Pena, 175 U. S. 500, 502.

Courts exist to administer justice between the parties. The sole function of appellate courts is to correct errors of law and fact committed by inferior courts. In the orderly administration of Justice all courts have the right to make rules and regulations governing proceedings before them, and to insist that if a party desires correction of judicial error, he shall in plain and timely fashion point out that error to the court. A court may properly decline to consider error not excepted to or not assigned; this, however, in the interests of orderly procedure. All courts, however, have the inherent right and power, when in their opinion plain, serious or obvious error has been committed, to correct it irrespective of exceptions or assignments of error. Any other rule would result in arid formalism destructive of the judicial function.

If the trial court or subordinate appellate court sees fit to correct errors not excepted to or assigned, such exercise of judicial discretion does not form the basis for a write of certiorari. The Circuit Court of Appeals is no more subject to criticism for the exercise of that discretion than would this court if

it make a like determination. That is not to say, however, that if the Supreme Court is of the opinion that the Circuit Court of Appeals was in error in holding the patent invalid it may not review that decision, but petitioner's brief does not point out any error committed by the Circuit Court of Appeals in so doing.

APPLICABILITY OF RULE 52(b) RULES OF CIVIL PROCEDURE

This rule was properly applied by the Circuit Court of Appeals. The petitioner insists that because the new rules were not in effect at the time the master rendered his report on validity, or at the time of the entry of the interlocutory decree, the new rules cannot be resorted to.

Rule 52 (b) provides that:

> "When findings of fact are made in actions tried by the court without a jury the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the District Court an objection to such finding, or has made a motion to amend them, or a motion for judgment."

The obvious purpose of this rule is to relieve a party from defeat in an appeal where no objections were made to the finding. The only purpose of objections and exceptions is to pave the way for presentation of alleged error to an appellate court. The

trial court has ample power *sua sponte* to correct its own mistakes. The effect of Rule 52 (b) is to require the appellate court to recognize error even though no objection or exception was taken thereto in the court below.

Here the appeal was taken more than two years after the new rules went into effect (effective date new rules, September 16, 1938). It was the duty of the Circuit Court of Appeals to dispose of the appeal, at least so far as assigned error was concerned, in accordance with the new rules, this because Rule 86 provides:

> "They govern all proceedings and actions brought after they take effect, and also all further proceedings in actions then pending, except to the extent that in the opinion of the court their application in a particular action pending when the rules take effect would not be feasible or would work injustice, in which event the former procedure applies."

Petitioner suggests no reason why it is not feasible to apply Rule 52 (b) to this appeal, or any reason why its application would work injustice. If the decree of the District Court was erroneous and it wrongfully upheld a patent monopoly, it is both just and feasible that such error be corrected. Petitioner does not suggest that by reason of the application of the new rules he was deprived in the lower court of ample opportunity to prove the validity of his patent. The burden of so doing was always on him, for the issue of validity was raised by the answer.

The invalidity of his patent and lack of invention on his part is plainly disclosed by the Patent Office file wrapper. Such was and is respondent's contention. The Circuit Court of Appeals so held.

The application of Rule 52 (b) deprived petitioner of no rights; it conferred no jurisdiction on the appellate court which it did not otherwise possess, and it resulted in the correction of a plain, obvious and serious error. There is a public interest in setting aside as invalid a patent monopoly which was erroneously or inadvertently granted.

Atlantic Co. v. Brady, 107 U. S. 192, 200.

CONCLUSION

The petition for certiorari does not present any questions warranting review by the Supreme Court of the United States:

(a) It involves no decision of a state court on any federal question;

(b) It is not in conflict with the decision of any other Circuit Court of Appeals on the same matter, but on the contrary is in accord with all of them;

(c) It does not decide any question of local law in a way probably in conflict with local decisions;

(d) It does not decide any important question of federal law which has not been and should be decided by this court;

(e) It does not decide a federal question in a way

probably in conflict with applicable decisions of this court, but in accordance with well established rules of law;

(f) It does not depart from the accepted and usual course of judicial proceeding.

In so far as it reviews a final decree, even though an appeal might have been taken from the interlocutory decree, it followed the universal rule accepted by all of the courts. In so far as it examined and decided errors alleged not to have been excepted to, it exercised an inherent power and discretion possessed by all courts. In so far as it applied the new rules abolishing the necessity for objection and exceptions, it was right, but even if in error, it was merely a matter of procedure which in view of the fact that the new rules have been in effect for three years will not arise again and is of no importance.

The petition for certiorari is without merit, the questions raised do not present the required questions of importance, and it should be denied.

Respectfully submitted,

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